

## Message Text

CONFIDENTIAL

PAGE 01 ALGIER 00616 071000Z

17

ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 IO-10 ISO-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05

L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

FEA-01 /107 W

----- 064984

R 061644Z MAR 75

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC 2039

INFO AMEMBASSY PARIS

USMISSION GENEVA

C O N F I D E N T I A L ALGIERS 0616

E.O. 11652: GDS

TAGS: CPRS, AG

SUBJ: U.S. CLAIMS FOR NATIONALIZATION AGAINST ALGERIA

REF: (A) STATE 025502 (B) ALGIERS 2841

SUMMARY: EMBASSY SEES LITTLE PROGRESS ON PAYMENT BY ALGERIA OF U.S. INDIVIDUAL, PRIVATE CLAIMS. FRENCH ARE NO MORE OPTIMISTIC ABOUT THEIRS. EMBASSY SUGGESTS FOUR POSSIBLE ACTIONS FOR DEPARTMENT CONSIDERATION TO MOVE THIS ISSUE OFF DEAD CENTER. END SUMMARY.

1. EMBASSY HAS BEEN REVIEWING STATUS REMAINING NATIONALIZATION CLAIMS BY U.S. CITIZENS AGAINST GOVERNMENT OF ALGERIA. THERE ARE SOME 10 CLAIMS TOTALLING LESS THAN 4.4 MILLION DOLLARS OUTSTANDING AT THE PRESENT TIME (SEE KWIA TEK/KNIGHT LETTER AND ENCLOSURE OF JUNE 7, 1974). THESE ARE ALL INDIVIDUAL PRIVATE CLAIMS. CORPORATE CLAIMS AGAINST ALGERIA HAVE NOW ALL BEEN PAID OFF AT ABOUT 30 CENTS ON THE DOLLAR OF CLAIMED ASSETS. EMBASSY ASSUMES CLAIMS OF  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ALGIER 00616 071000Z

KARL E. QUIGLEY AND ALLIS-CHALMERS PREVIOUSLY SUBMITTED

HAVE BEEN SETTLED SINCE THEY NOT ON LIST ENCLOSED  
WITH KWIA TEK LETTER.

2. EMBASSY CAN REPORT NO PROGRESS ON ALGERIAN SIDE  
TOWARDS SETTLING U.S. INDIVIDUAL CLAIMS, EVEN THOUGH  
THERE HAS BEEN CONSIDERABLE CORRESPONDENCE ON THE  
SUBJECT. ALGERIAN POSITION REMAINS AS REPORTED TO ME  
BY ABERKANE OF FONMIN ON OCTOBER 24, I.E., ALGERIANS  
HAVE NO INTENTION PAYING CLAIMS, LEGITIMACY OF WHICH  
THEY QUESTION IN ANY EVENT, BECAUSE OF UNFORTUNATE  
PRECEDENT THIS WOULD SET VIS-A-VIS FRENCH.

3. FRENCH CLAIMS TOTAL SOME 7-8 BILLION  
DOLLARS. FRENCH EMBASSY REPORTS ALGERIANS HAVE AGREED  
TO UNBLICK BANK ACCOUNTS OF DEPARTED FRENCH CITIZENS  
AND ALSO TO SETTLE CLAIMS INVOLVING FRENCH CORPORATIONS  
NATIONALIZED BY DECREE WHERE THE NATIONALIZATION DECREE  
STATES INDEMNIFICATION WILL BE MADE. OTHER CORPORATE  
CLAIMS AND INDIVIDUAL CLAIMS HAVE NOT PROGRESSED. VISIT  
OF FRENCH MINISTER OF INTERIRO, PONIATOWSKI IN EARLY  
DECEMBER 1974 LED TO HOPE THERE WOULD BE ANNOUNCEMENT  
OF FURTHER REPAYMENTS WHEN PRESIDENT GISCARD VISITS  
ALGIERS IN APRIL, BUT FRENCH FINANCIAL ATTACHE  
CONSIDERS THIS FALSE OPTIMISM. HE ALSO DISPARAGED  
RUMORS THAT ALGERIANS MIGHT REPAY DISCOUNTED VALUE  
OF PERSONAL PROPERTY AND DISCLAIM ANY LIABILITY FOR  
REAL PROPERTY WHICH IS PART OF NATIONAL HERITAGE.  
SUCH A DISTINCTION WOULD REDUCE U.S. CLAIMS TO UNDER  
A MILLION DOLLARS. FRENCH FINANCIAL ATTACHE DOES NOT FORESEE  
FURTHER PAYMENT OF OIL CLAIMS AND ADDED THAT EVEN SOME  
FIVE OF THE RECENT 22 NATIONALIZATIONS, (ALGIERS 2841)  
HAVE NOT IN FACT BEEN SETTLED, MUCH LESS PAID.

4. EMBASSY HAD HOPES THAT WITH NEW FOUND OIL WEALTH  
ALGERIANS MIGHT PAY SMALL U.S. CLAIMS, BUT ALGERIANS  
ARE AGAIN IN FOREIGN EXCHANGE DEFICIT POSITION WHICH  
MAKES THIS SEEM EVEN MORE UNLIKELY.

5. SHEARMAN AND STERLING LAWYERS, KNIGHT AND FORRESTAL,  
WHO VISITED EMBASSY ON JANUARY 27 AT OUR REQUEST, IN  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ALGIER 00616 071000Z

EFFECT WASHED THEIR HANDS OF INVOLVEMENT IN SETTLING  
US/ALGERIAN PRIVATE CLAIMS. THEY SAID THEY HAD ONLY  
BEEN ACTING AS MESSENGER IN COLLECTING A LIST OF U.S.  
CLAIMS FOR ALGERIA. THEY CANNOT HANDLE CASE GIVEN THEIR  
POSITION AS ATTORNEYS FOR SONATRACH. THEY DID NOT  
RESPOND TO HINTS THAT INFORMAL AGREEMENT ON SETTLEMENT  
OF U.S. CLAIMS WAS PART OF EL PASO I/SONATRACH CONTRACT.  
KNIGHT RECOMMENDED DEPARTMENT GET IN TOUCH WITH

EL PASO AND SEEK CLARIFICATION OF EXISTENCE AND TERMS OF SUCH A SETTLEMENT. WE NOTE WEISLOGEL HAS DISCUSSED WITH HARBOUR AND WOULD APPRECIATE KNOWING RESPONSE.

6. IF EL PASO GAMBIT IS UNWORKABLE, IT MIGHT BE USEFUL, IF POSSIBLE, FOR USG TO ADJUDICATE AMERICAN'S CLAIMS SO AS TO ASSURE WE HAD THEM ALL AND TO WRING OUT ANY INFLATED ONES. WE WOULD THEN HAVE A DEFINITIVE LIST OF CLAIMS WITH A SET PRICE TAG FROM WHICH TO NEGOTIATE. AS IT IS NOW, EVEN RUMORS OF SETTLEMENT SEEMS EXAGGERATED. ALGERIA HAS LITTLE INCENTIVE TO SETTLE SOME CLAIMS IF USG CANNOT ASSURE GOA THAT THIS WOULD BEN END OF MATTER.

7. ONCE CLAIMS ADJUDICATED CLAIMANTS COULD HIRE (EMBASSY COULT ASSIST) AN ALGERIAN LAWYER TO: (A) SEEK AGREEMENT ON A SATISFACTORY INTERNATIONAL FORUM TO ADJUDICATE PRIVATE CLAIMS AGAINST GOA OR (B) AS SUGGESTED BY SHEARMAN AND STERLING, BRING ACTION IN ALGERIAN LOCAL COURTS ON AN INDIVIDUAL BASIS. THE CHANCES OF SUCCESS ARE SLIM, BUT AT LEAST THE ISSUE WOULD BE FACED.

8. IF DEPARTMENT DOES NOT APPROVE THIS APPROACH, BELIEVE IT SHOULD AT LEAST INFORM CLAIMANTS OF PRESENT SITUATION.

9. WE UNDERSTAND THAT IN ABSENCE SETTLEMENT OR PROGRESS TOWARDS SETTLEMENT USG CANNOT EXTEND AID TO ALGERIA AND WILL NOT GRANT GENERALIZED PREFERENCES TO IT.

10. THREAT OF NON-INCLUSION OF ALGERIA ON U.S. LIST OF LDC BENEFICIARIES IRRITATES GOA, BUT DOES NOT HAVE CONFIDENTIAL

CONFIDENTIAL

PAGE 04 ALGIER 00616 071000Z

MUCH OBJECTIVE IMPACT. A QUICK CHECK SHOWS THAT ONLY 7 MILLION DOLLARS OF ALGERIA'S ONE BILLION DOLLARS OF EXPORTS TO THE UNITED STATES, OR LESS THAN ONE PERCENT, MIGHT BE EFFECTED. IN ANY CASE ALGERIA IS EXCLUDED FROM U.S. GENERAL PREFERENCE SCHEME, BECAUSE OF ITS MEMBERSHIP IN OPEC. UNFORTUNATE ASPECT FROM TRADE POLICY POINT OF VIEW IS THAT ALGERIAN EXEMPTION FROM BENEFICIARY STATUS HAS HELPED PUSH ALGERIA INTO OPPOSITION TO U.S. GENERALIZED PREFERENCE SCHEME. EMBASSY HAS TRIED TO ARGUE THAT GOA REACTION SHOULD BE TO SUPPORT TARIFF CUTS IN MTN, BUT TO DATE THEY ARE CONCENTRATING ON ATTACKS ON U.S. TRADE POLICY.PARKER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATIONALIZATION, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 06 MAR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** buchandr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975ALGIER00616  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750080-0322  
**From:** ALGIERS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750378/aaaacsbs.tel  
**Line Count:** 166  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 025502, 75 ALGIERS 2841  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** buchandr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19 MAY 2003 by ElyME>; APPROVED <08 OCT 2003 by buchandr>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S. CLAIMS FOR NATIONALIZATION AGAINST ALGERIA  
**TAGS:** EGEN, BDIS, US, AG  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006